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SUBJECT: GOSS Governor's Forum Focuses Tackles State Budgets and Security

REF: A) Khartoum 0693 B) Khartoum 0591 C) Khartoum 0211

¶1. (U) Summary: The Government of Southern Sudan's (GOSS) Fourth Governors' Forum (the Forum) has brought into sharp focus the budget crises in the ten southern states. GOSS President Salva Kiir admonished the governors to put in place good governance practices, downsize their civil services, promote the census, remain focused on security, seek non-oil revenue sources, and implement affirmative action measures to ensure 35 percent participation by women in state and local government. End Summary.

¶2. (U) The Forum was held in Juba May 4-6, with the participation of the governors or deputy governors of all ten southern states, along with GOSS ministers and commissioners, representatives from the UN agencies, the World Bank Multi-Donor Trust Fund, and diplomatic and donor communities. The Forum, held under the theme "State Planning, Budgeting, Employment in States, and DDR" also included the state Ministers of Finance. The goal of the Forum is to facilitate a meeting every three months with the governors and the president, key ministers and the international community.

From Security to Economic Focus  
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¶3. (U) Kiir addressed the Forum noting that the gathering had moved from its first preoccupations with security issues, including the Lord's Resistance Army, Other Armed Groups, and continuing Sudan Armed Forces' presence in Unity and Upper Nile States, to the pressing economic issues crippling the states' ability to meet payrolls, run operations, or implement development programs. While Kiir noted that there were still security concerns in some states, he focused his remarks on the need for greater attention to good governance, accountability and transparency and strengthening the private sector. He criticized states for misusing public funds and maintaining bloated payrolls with ghost workers, many inherited from the war years (reftels). Kiir stressed that oil revenues had been declining substantially since January and that the inability to meet the GOSS payroll was extremely serious. Cutting the payroll does not mean denying people their rights, but was a hard decision that had to be made and fully explained to the people, Kiir added.

¶4. (U) Acting Finance Minister Gabriel Changson Chang elaborated that while Southern oil revenues had been between USD \$38 to \$40 million a month, the GOSS payroll was USD \$60 million a month. Changson also reported that he had just returned from Khartoum where he attempted to borrow from the Bank of Sudan to meet the Southern budget shortfalls and was turned down. He stated that there was disagreement with Khartoum over whether the GOSS could borrow money from international sources under the CPA. Changson said that April salaries would be delayed, but eventually paid.

Support the CPA  
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¶5. (U) Kiir warned the governors against dealing directly with the Government of National Unity (GNU) and said that was the main reason the former governor of Warrap State had been removed recently. Kiir

also urged the governors to help implement the CPA by promoting the upcoming census. He called for the establishment of State Population Committees and stressed that "without the census we can't run a meaningful election or referendum." Some states expressed concerns that the November census date would not be met because of the lack of roads and the presence of landmines and ongoing insecurity.

¶16. (U) The GOSS President reiterated the need to address the non-implementation of the Abyei Protocol, and indicated that an agreement with Khartoum on an Interim Administration to provide essential services was likely to be reached.

¶17. (U) Gender inequities must be addressed Kiir warned. He reiterated the SPLM's commitment to ensure 35 percent representation in all levels of government by women, above the 25 percent called for in the CPA. He reminded the governors that it was a violation of the CPA to not strive to meet this target goal.

#### Shifting From the Central to the State Governments

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¶18. (U) The overall message of the Forum was that the governors had to seek creative ways to deal with the economic crises in the states and that there would be no room for excuses. Governors were directed to: 1) address ethnic conflicts and submit reports on their actions to the President; 2) create non-oil sources of revenue; 3) accelerate the return and resettlement of refugees and internally displaced people; 3) purge the payrolls of ghost workers and excessive numbers of civil servants and fight corruption (this was listed as among the highest priorities); and 4) prepare their state budgets in time for them to be integrated into the GOSS budget.

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¶19. (SBU) Comment: The Forum has become a more structured and serious venue for coordination between the different levels of government in the South, reflecting the challenges and successes of democratization since the signing of the CPA. The states are being told that they must shoulder a larger share of revenue generation and clean up their houses to eliminate waste - the oil revenue cushion is no longer available. Decentralized government, though struggling to take root, is on track, in Southern Sudan. It will, however, need intense care and feeding to sustain it, but the process is moving forward. End comment.

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